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27 April 1962

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# CENTRAL INTELLIGENCE BULLETIN



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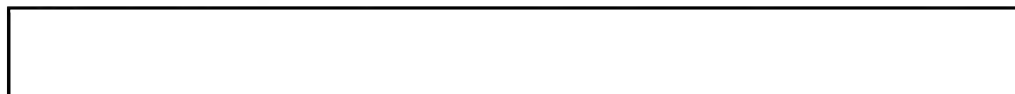
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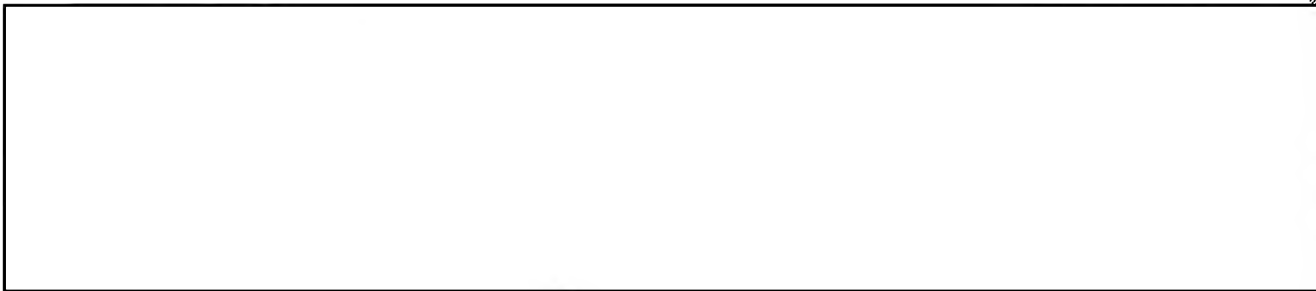
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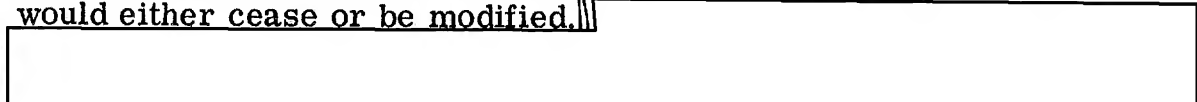
USSR - East Germany - [Berlin: Soviet control over East German economic plans now may be much more comprehensive than in the past. The full and allegedly authentic texts of the principal speeches by Ulbricht and others at the 15th SED central committee plenum in March indicate that Ulbricht and Khrushchev agreed in Moscow in February that GDR and Soviet planning officials would work out the details of their respective economic planning figures together. Soviet planning functionaries were recently reported in East Berlin.]

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[The general tenor of Ulbricht's remarks suggests that he was attempting to reassure hard-line central committee members who still fear the effect of Khrushchev's coexistence policies. The unpublished portions of his speech implied that the United States in negotiations with the USSR was taking a more "realistic" attitude on Berlin, citing the lapse of Western claims to an occupation role in East Berlin. The speech also implied that the US and the Western powers might make concessions on use of the Berlin air corridors and strongly asserts that East German, as well as Soviet aircraft, are entitled to use the corridors. Ulbricht indicated that once "a new contractual regulation" concerning the corridors were established, use of the quadripartite Berlin Air Safety Center as the controlling organization would either cease or be modified.]

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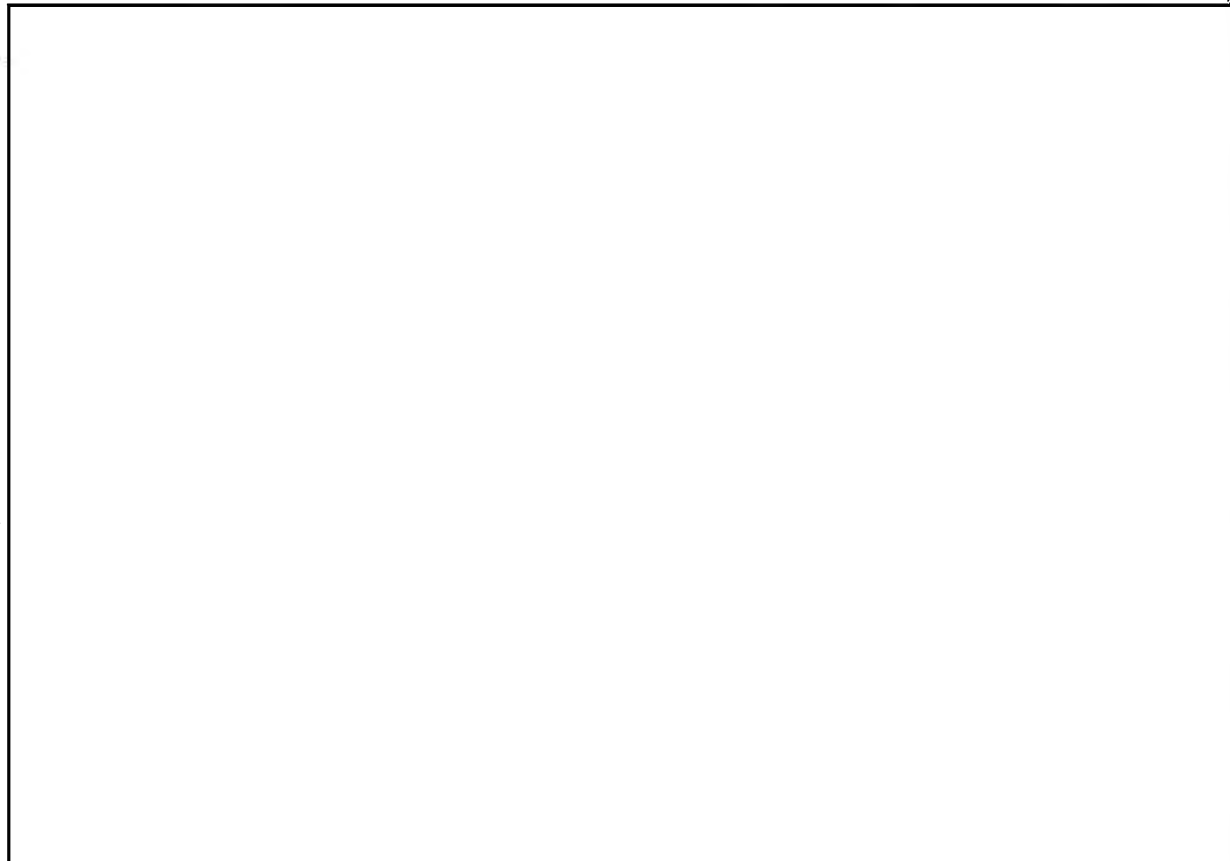
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Cambodia - South Vietnam: Relations between South Vietnam and Cambodia have been jeopardized by a recent border incident in which 52 South Vietnamese villagers were killed by unidentified raiders from Cambodian territory. While South Vietnamese officials have thus far acted with restraint, they are said to be considering economic sanctions if Cambodia does not shortly take "satisfactory action," and the Saigon press is printing sharp criticisms of the Sihanouk regime. Saigon has officially demanded indemnities for families of victims and punishment of the raiders. Cambodia's official disclaimer of responsibility for the raid and its countercharge of slander may lead to more extreme action by Saigon, possibly culminating in

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[ ] a breaking off of relations. Cambodia and Thailand severed relations last October following a similar flare-up of mutual recriminations [ ]

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25X1 [ ] Communist China: [A resume of Peiping's foreign policy guidelines--delivered by a leading Communist in Hong Kong after a trip to the mainland--reinforces indications from the recent National People's Congress that Peiping will continue its essentially cautious foreign policy. In a talk delivered to a group of leftist Chinese in the British colony, the Communist speaker stated that Peiping does not intend to attack Quemoy "at present" or to take active steps to recover Taiwan. To rationalize China's failure to take new initiatives in the Taiwan Strait, the speaker cited Peiping's belief that Chiang Kai-shek will not live much longer and that upon his death the Chinese Nationalist leadership will disintegrate.]

[The speaker predicted a left-wing victory in Laos without the need for Chinese Communist intervention] [ ]

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[ ] He acknowledged differences between Peiping and Moscow and reiterated Peiping's view that the dispute must be kept within the family and precipitate action avoided [ ] (Backup, Page 1)

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25X1 [ ] Japan - Communist China: [Japanese Prime Minister Ikeda appears to be abandoning the "wait-and-see" attitude Tokyo adopted toward relations with Peiping in 1958 in favor of what he terms a "forward looking" policy which would be limited to the economic and cultural fields. Former Cabinet Minister Kenzo Matsumura is planning to accept, with Ikeda's unofficial encouragement, a long-standing invitation to visit Peiping. Matsumura, one of several members of the ruling Liberal-Democratic party who hope for a political accommodation with [ ]

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Peiping, probably will make the visit in late May or early June. The significant growth in Sino-Japanese trade in recent months, from the negligible level which prevailed from 1958 to 1961, is largely responsible for Japan's renewed interest in improving relations with Communist China. Neither Tokyo nor Peiping, however, shows any signs of compromising on terms for a political settlement, although there is widespread sentiment for granting UN membership to Communist China.

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India-Pakistan: The UN Security Council meets today to begin the first substantive debate on the Kashmir dispute since 1957, with little prospect for progress toward a settlement. Pakistani officials, seeking "short, business-like consideration" by the council, hope a resolution will emerge calling for an investigation of past failures by India and Pakistan to implement UN resolutions on Kashmir, or for negotiations between

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the two countries supervised by a third party. Indian officials, who would prefer to keep the dispute in cold storage and hope to deflect attention from past UN recommendations, adamantly oppose third-party intervention and have argued that only bilateral negotiations outside the UN will produce results. While reluctant to advertise its dependence on Soviet support on this issue, New Delhi will rely on a Soviet veto if necessary to block a resolution which would force India's hand.

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\*Argentina: A meeting of federal deputies on 26 April, which was in essence a protest against President Guido's decree annulling the results of the recent elections, attracted less than a quorum of the 192 members of the Chamber of Deputies. Prior to the decree, the chamber had been scheduled to meet yesterday to rule on the credentials of new members. Normally, the regular congressional session would have commenced on 1 May. Among those at the protest meeting were 33 of 47 elected Peronista deputies who wished to demonstrate their defiance of the decree. Following the brief rowdy session, deputies of Frondizi's Intransigent Radical Civic Union reportedly put their resignations at the disposal of the party, thus suspending, perhaps only temporarily, their opposition to Guido's moves against the Peronistas.

The Foreign Ministry announced on 26 April that Argentina has decided to withdraw its diplomatic personnel from San José because of statements made by the Costa Rican foreign minister on the present situation in Argentina.

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Current Chinese Communist Policy Guidelines

(The resumé was delivered in early March by Fei I-Min, publisher of the leading Communist newspaper in Hong Kong and the principal Hong Kong representative to the Chinese People's Political Consultative Conference which met recently in Peiping)

(Fei's remarks on Laos did not exclude a policy to expand Chinese Communist influence in that country. The Chinese are building a road into northern Laos, and have trained Lao-tian troops.

[redacted] in the absence of a Laotian settlement, Peiping would take a more direct interest in the country)

(Turning to Taipei's relations with the US, Fei claimed that a number of important policy differences exist between the two states. One of the principal differences, he said, concerned the extent of the US defensive commitment to the offshore islands, a difference Peiping hopes to exploit)

(Fei listed Soviet disregard for Chinese national pride, Albania, Soviet attempts to seek rapprochement with the US, de-Stalinization, and Soviet annoyance at Peiping's failure to meet trade commitments as some of the reasons underlying Sino-Soviet friction. His statement that Peiping wishes to be reasonable about the dispute is borne out by the fact that the Chinese are emphasizing the community of interests between Moscow and Peiping and avoiding polemics while holding firm to their views in opposition to Moscow.)

(In a brief appraisal of domestic affairs, Fei admitted that the Chinese people had suffered because of mistakes committed by the Chinese Communist party. He alleged that all the mistakes now have been "spotted." Fei confirmed Peiping's policy of concentrating on an increase in agricultural production, and)

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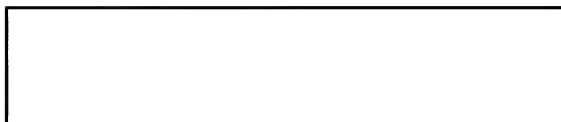
[stated that as part of this policy, no new industrial expansion will be undertaken in the next three years--a longer time span than has been acknowledged by any other regime spokesman.]



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